

SALES TAX ON FOOD

Prepared for:

Revenue and Taxation Interim
Committee

August 30, 2017

PRESENTATION OUTLINE

Sales Tax Rate on Food

Food Portion of Sales Tax Base

Revenue Growth

Highlights of Legislation that Reduced the
Rate on Food

THINGS YOU SHOULD KNOW

I will use the terms “food” and “food and food ingredients” interchangeably during my presentation

Feel free to ask questions during my presentation

Ms. Halverson’s presentation will address:

- “Food and food ingredients” definition
- Taxation of food in other states
- Streamline sales tax issues

Sales Tax Rate Imposed on Food and Food Ingredients

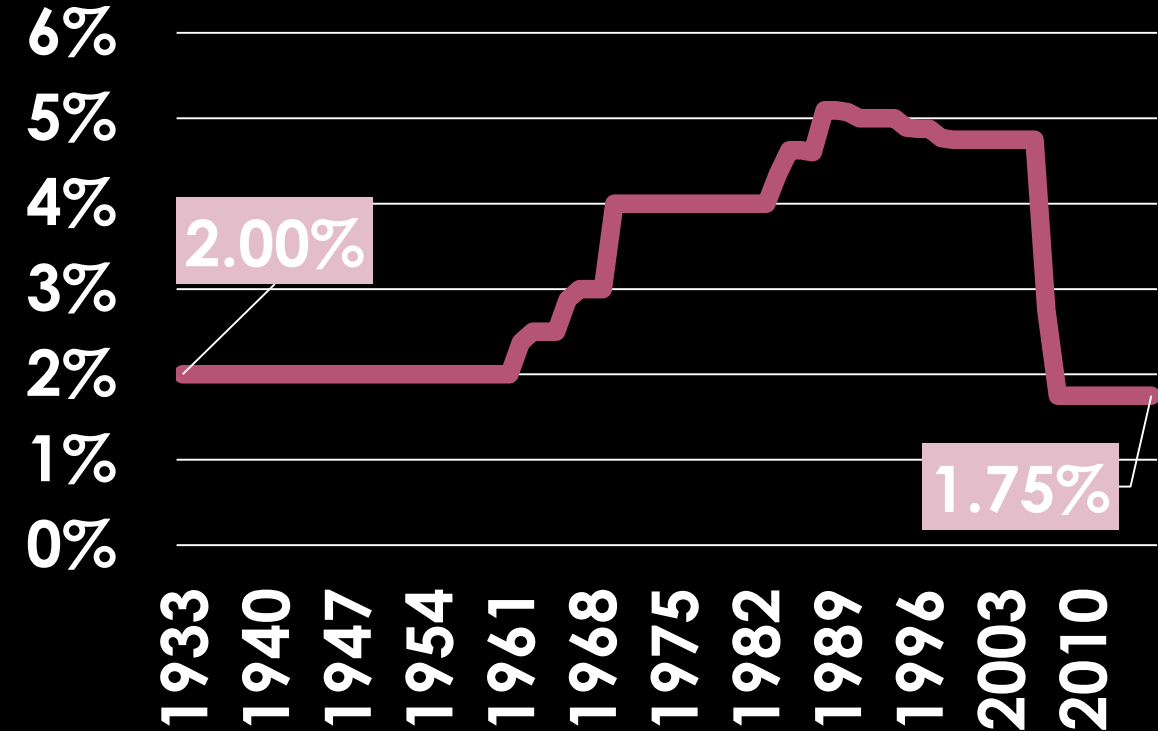
State rate:

1933-2006 = General state rate

2007 = Reduced rate 2.75%

2008-Present = Reduced rate 1.75%

State Sales Tax Rate on Food
1933-2016



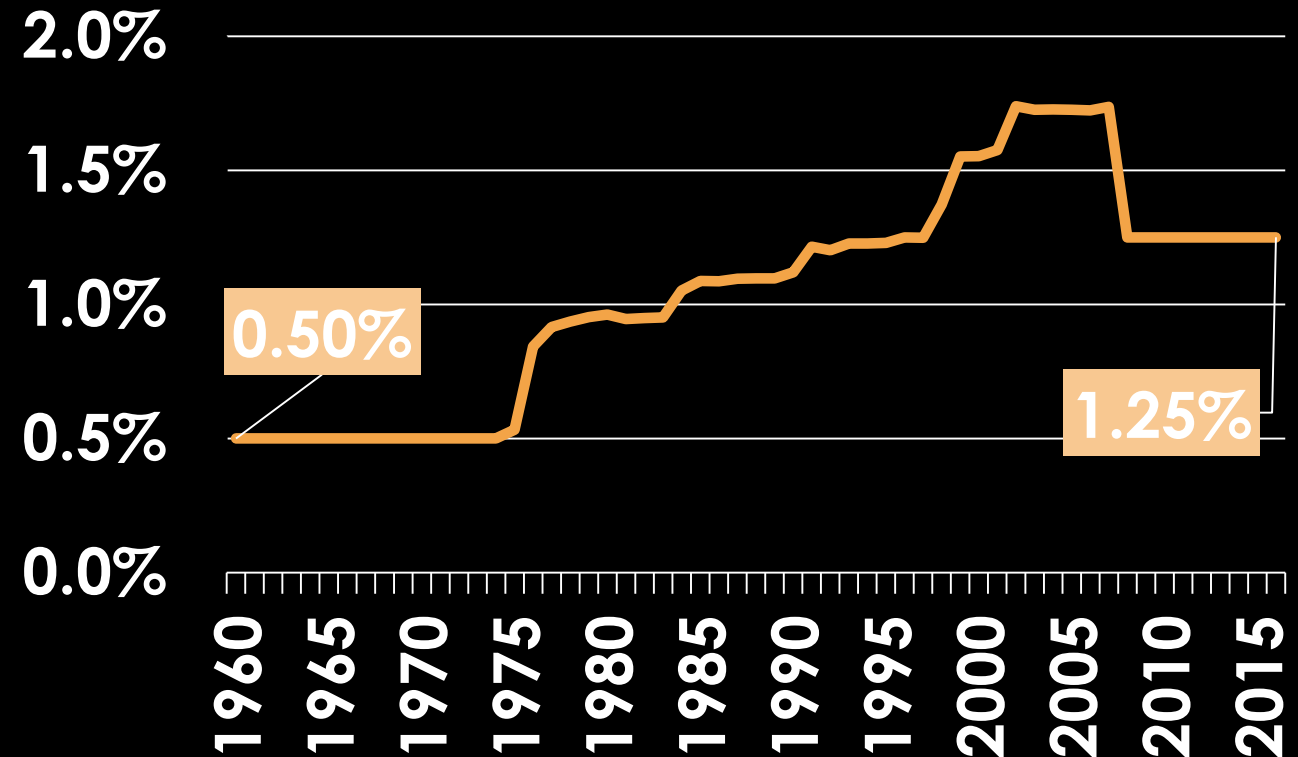
Sales Tax Rate Imposed on Food and Food Ingredients

Local rate:

1960-2007 = Sum of all local tax rates imposed

2008-Present = 1.25% (only 1% local option and .25% county option apply)

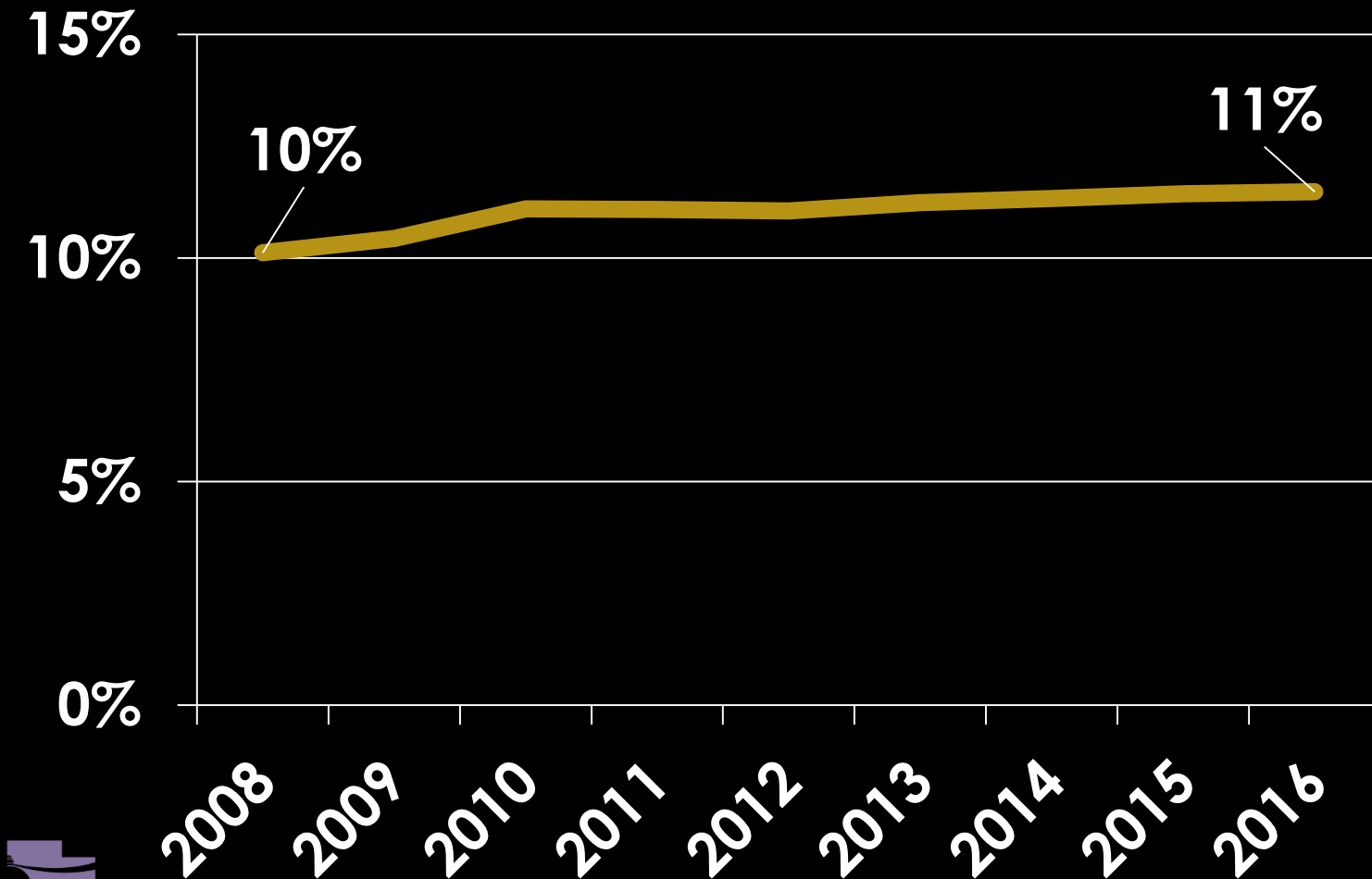
Local Sales Tax Rate for Food
1960-2016



Sales Tax Rate Imposed on Food and Food Ingredients

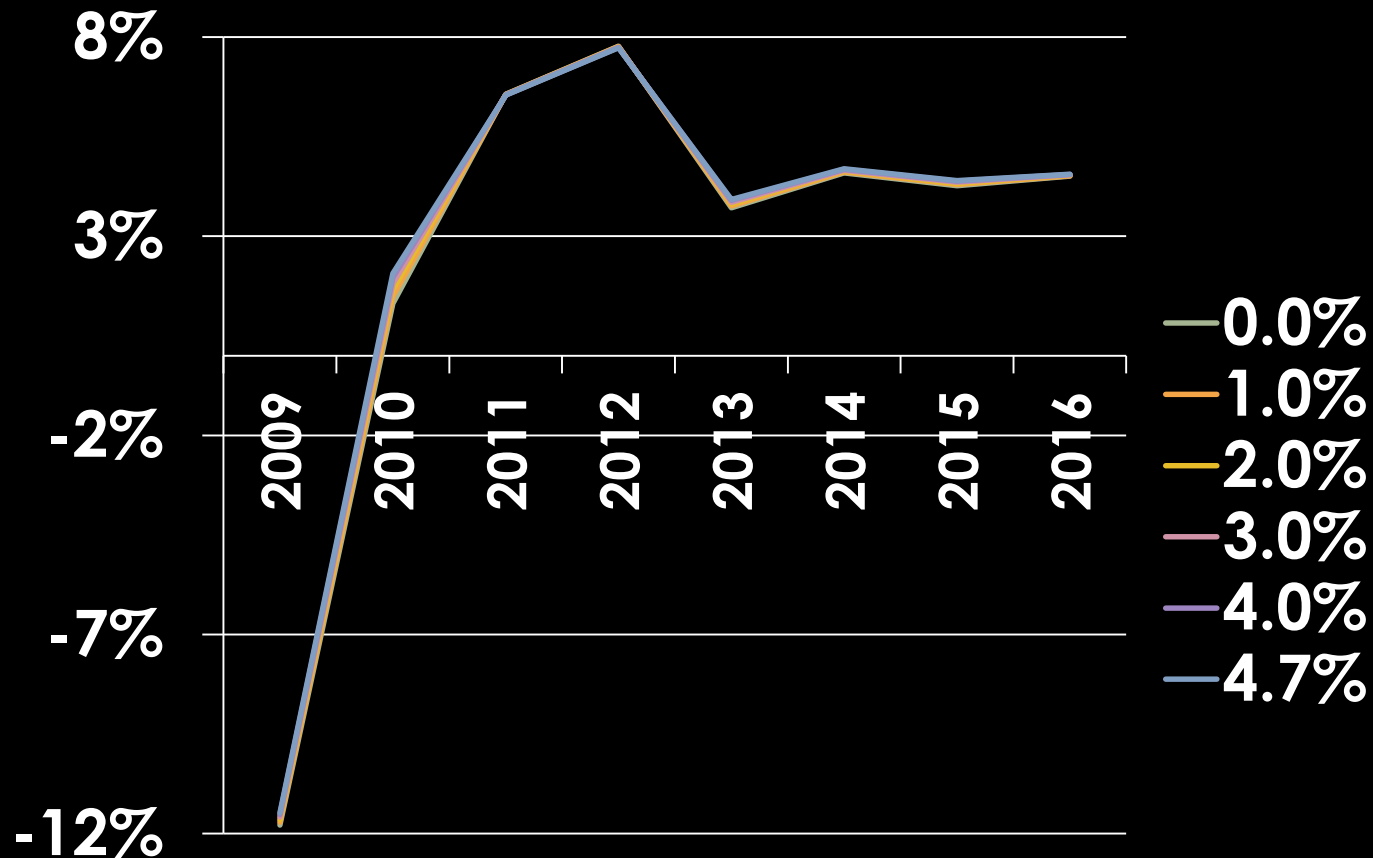
$$\begin{array}{r} 1.75\% \text{ State Rate} \\ + 1.25\% \text{ Local Rate} \\ \hline 3.00\% \text{ Statewide Rate} \end{array}$$

FOOD SALES AS A PERCENTAGE OF ALL TAXABLE SALES



Food is a small part of the base.

GROWTH RATE OF STATE SALES TAX REVENUE GIVEN VARIOUS RATES ON FOOD



Changing the rate on food likely affects the growth rate of revenue but probably not significantly.

Legislation that Reduced the Sales Tax Rate on Food Highlights

HB 109 (2006)

- \$6 million appropriated to reimburse merchants for programming / compliance costs of having multiple rates

SB 223 (2007)

- Removed food from the base of all local sales taxes except 1% local option and .25% county option
- Increased rate cap for some local sales taxes
 - Local option sales taxes for transportation (.25% to .30%)
 - Resort communities sales tax (1.00% to 1.10%)

**Please feel free to contact us with any questions at
(801) 538-1032**

Your Tax Team:

Bryant R. Howe, Deputy Director

Leif G. Elder, Policy Analyst

Andrea Valenti Arthur, Associate General Counsel

Shannon C. Halverson, Associate General Counsel

Brent M. Gage, Legislative Assistant

